

News

Published Tuesday | October 9, 2007
Omaha World-Herald

Heating oil prices predicted to soar

WASHINGTON (AP) — Heating bills will rise dramatically this winter for U.S. homeowners using heating oil, while those depending on natural gas should see more stable costs from a year ago, a consumer group said Monday.

Average spending on home heating this winter is forecast to rise by 10.5 percent, on average, driven by big increases in heating oil prices, predicted the National Energy Assistance Directors' Association, which represents state-run low-income energy assistance programs.

“If you're poor, it's going to be tough whatever (fuel) you use,” said Mark Wolfe, the association's executive director.

Heating oil, used predominantly in the Northeast, is derived from crude oil, whose futures market price has been trading around \$80 a barrel, up 33 percent from around \$60 a barrel at the same time last year.

The average total heating oil bill for the winter months is projected to rise 28 percent from a year ago to \$1,834, the energy assistance group said Monday, a day before the government releases its official winter energy forecast.

The outlook for natural gas customers is not as dire, according to the association, which held a joint press conference with a trade group representing natural gas utilities.

The American Gas Association, whose members include Sempra Energy, Pacific Gas & Electric Co. and CMS Energy Corp., said it expects natural gas bills to be somewhat lower this winter because of ample supplies — including record-high imports of liquefied natural gas, although it would not predict a specific percent change.

Also bolstering natural gas supplies, the trade group said, is the partial completion of a \$4.4 billion pipeline bringing fuel from Wyoming and Colorado to the Midwest and eastern states.

The gas association noted that supplies of natural gas and prices are influenced by unusual weather patterns, such as Monday's unseasonably warm weather on the East Coast.

Spot natural gas prices averaged between \$7.47 per 1,000 cubic feet and \$8.24 per 1,000 cubic feet between February and June, but dropped later in the year, averaging between \$6.35 and \$6.40 per 1,000 cubic feet between July and September, the AGA said. Natural gas utilities spread out their winter purchases throughout the year, buying some at higher prices and some at lower levels.

The low-income advocacy group, however, is less optimistic. Natural gas customers will see their heating bills rise by 6 percent, the group predicted, while those who use electric heat should expect a 7 percent jump.